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Commissioner of Siamese State railroads were conducted recently by an officer of the department to a number of important plants throughout England; as a result, substantial orders have been placed. Representatives of the "Hangya" Coöperative Wholesale Society of Budapest arrived in England in August, 1920, to make purchases on behalf of the Hungarian Minister of War. They bought two hundred and fifty thousand yards of khaki cloth valued at £140,000. Due to the efforts of the British Trade Commissioner, the representatives of an important British electrical company, who had recently visited New Zealand, secured the first and most important post-war contract placed by the New Zealand Government for the first section of railroad to be electrified.

It has been well said that, while to

other countries foreign trade is a convenience or a luxury, to England it is an absolute necessity. In only one of the raw materials vital to her industries—coal—is there a surplus in the United Kingdom. All the others—ores, fibers, timber and oils, as well as cereals and meats—Great Britain is obliged to import either wholly, or in the greater proportion, and the necessity for paying for them requires a large and ever-increasing export trade. Great Britain is today determined to recapture the trade won from her in pre-war days by the Germans, and, although she is compelled to resume her financial and industrial rôle with enormously increased burdens, she takes up the commercial struggle with the great advantage of having to learn very little about the conditions under which it can be successfully prosecuted.

The Revival of Belgian International Trade

By HARRY T. COLLINGS, PH.D.

University of Pennsylvania, Former United States Trade Commissioner of Belgium

THE opening of the world war in 1914 found Belgium actively engaged in international trade. With an area one-fourth that of Pennsylvania, Belgium was the most densely populated country in the world, if one compares entire countries only. For decades before the war the population had been increasing at the rate of about one per cent a year, with a policy generally avowed of relying less and less on their native soil for support and development.

Foreign trade is and has been the life blood of Belgium. For years before the war the people gave increasingly less attention to agriculture and more to manufacture. No other country depends so largely upon its manufacturing industries. It must export to

live. The kingdom is poorly endowed with raw materials; nevertheless, the road to national prosperity seemed to lie in the direction of manufacturing products for exportation, while increasingly larger quantities of food-stuffs were imported. In the calendar year 1913, Belgian per capita imports amounted to \$127.59 and exports to \$94.85, which may be compared with our per capita imports of \$17.94 and exports of \$24.66 for the fiscal year 1913.

Briefly, it may be said that Belgium imported coal, ores, cotton, wool, hides, rubber, lumber and chemicals, and turned them into products more or less finished. Germany was the best customer, followed in order by France and Great Britain; these three countries

also supplied the largest quantity of goods in return, France leading, followed by Germany and Great Britain.

Belgium took practically no part in international trade from August, 1914 to 1919. And for some months after the armistice her participation in foreign commerce was limited to the purchase of foodstuffs and raw materials to replace depleted stocks, with very little selling, pending the manufacture of these materials into finished or semi-finished products.

In the rehabilitation of Belgian international trade, one thing became apparent early in 1919, namely, the lack of national organization for resuming such relations. German control of export organizations had been practically complete previous to 1914; and this monopoly of Belgian imports and exports, especially the latter, had been left in the hands of foreigners with apparent complacency. Belgian importers and exporters had made little effort, and expressed little interest in assuming control of their trade relations with other parts of the world. Two things were evident—that Germany had lost her commercial grip in the country and that Belgian business men must build up for themselves a complete foreign trade organization. The Belgian Government and the business men at once manifested a keener interest in the conduct of international commerce. Little was known of the methods of foreign trade organizations, since only eight concerns of importance had had branches in foreign countries. German agencies at Antwerp had cared for foreign connections so thoroughly that more than one American, when inquiring about Belgian goods previous to 1914, had addressed his letter to “Antwerp, Germany.”

In July, 1919, a special official commission was appointed to advise concerning the best means of establishing

an organization for the control of international trade to and from Belgian borders. This commission advocated an association of affiliated industries for export organization, extensive courses in commercial education, enlargement of the merchant marine, and the establishment of a Government publication giving foreign trade information. Special attention, too, was given by the commission to improvements in credit extension for the promotion of foreign trade, and the recent practices of American banks were looked upon with approval. Commercial attachés or similar Government officers in the foreign field were to supplement the home organization.

Probably none of the countries at war resumed normal economic activity more readily than Belgium. Farmers began more or less normal cultivation with the spring of 1919, and the crops of that year were nearly up to the average pre-war production. The resumption of industrial activity too was remarkable. It must be said, however, that this was interrupted rather than destroyed during the war. The section of the country actually devastated was small, and located chiefly in agricultural Flanders. While much machinery was destroyed or removed from manufacturing plants from 1914 to 1918, the plants themselves were often not destroyed. Belgian coal mines produced at the lowest ebb during the war about 65 per cent of their normal annual production. With this economic situation one may compare the plight of France, where scores of square miles in the industrial heart of the country were devastated to a degree that beggars description.

The revival of Belgian industry and foreign trade since the war has not been hindered solely by damaged plants or missing machinery. It has been partly due to continued scarcity of raw mate-

rials, to depreciated exchange, to labor difficulties and to transportation problems.

Belgium formerly imported quantities of coal and ores to operate her industries, cotton and wool for her textile establishments, and large quantities of chemicals for various plants. Without these there can be little progress. The reestablishment of national industries was hampered in 1919 by lack of fuel. Previous to the war, the country exported 5,000,000 tons of coal a year, which, being anthracite, was consequently unsuited to industrial uses in the country. The average pre-war importations of coal, amounting to 10,000,000 tons, were of the bituminous type best suited to steel making and other industrial uses. This came largely from Germany before 1914.

During 1919, practically no coal came into Belgium from this source except the shipments stipulated by the Peace Conference and these were sometimes irregular and insufficient. Almost the entire Belgian imports of coal during the first six months of 1919 came from England. Coal production at the end of 1919 had become nearly normal and the total annual production for 1920, as estimated on the basis of actual production figures for the first half of the year, has been given as 22,073,712 tons, as compared with a production in 1913 of 22,846,000 tons. But this still leaves the country sadly in need of industrial fuel.

Depreciated exchange added untold difficulties. Prices for raw material and machinery had doubled or trebled during the war period, but with this rise in prices all nations had to contend. When, however, materials and equipment had to be purchased by a franc, whose exchange value abroad had dropped from 19.3 cents to 12, 10, 8 and 6 cents, the difficulties in the way of foreign purchasing became insuper-

able. The year 1920 brought little, if any, improvement in this low exchange value of the Belgian franc.

By the very irony of economic fate Belgium found herself unable to purchase from her recent allies, England and the United States, and at the same time invitingly beckoned to her enemy, Germany. Owing to the extreme depreciation of the German mark in foreign exchange, Belgium found she could purchase of her recent enemies at much lower prices than in any other country. Indeed, in 1919, millions of francs' worth of machinery, dyestuffs and other materials were imported into Belgium from beyond the Rhine. In the German territory occupied by Belgium a special commission was organized to put their merchants into connection with German firms and many successful transactions were initiated.

But industrial difficulties were found within the state. The war left Belgian labor as dissatisfied as elsewhere in the world. In February, 1919, it was estimated that 700,000 were unemployed in the kingdom; by July of that year this number had been reduced to 350,000, but unrest was prevalent. Labor was dissatisfied with the pre-war working day of nine or ten hours; insistent demands for an eight-hour day had to be met by a compromise. Many industrial enterprises found operating conditions unbearable. Throughout the first half of 1920 this condition continued, due often to lack of raw material, lack of capital or because no orders were received for goods. By June, 1920, however, it was reported that in the more important industrial establishments of the country about 93 per cent of the number employed in 1913 were then at work.

Belgium has definitely reestablished her position in foreign trade. The present commerce of the country exceeds in value that of 1913. In the

nine months ending September 30, 1920, Belgian commerce, including imports and exports of gold and silver, amounted to nearly 15,000,000,000 francs. Exports during this period were valued at 3,784,345,000 francs more than those for the corresponding period in 1913, and imports exceeded those for the same period by 4,798,033 francs. Even when allowance is made for inflated values, this is a very creditable showing. Exports of manufactured goods during the first three quarters of 1920 were by quantity almost double those of the corresponding period of 1919, and the total value of this export trade from January to September, 1920, was more than six times as great as during the corresponding period of 1919.

Many industries are back on their feet in international competition. Late in 1919, iron and steel manufacturers succeeded in underbidding their foreign competitors in cast steel and similar products. England has ordered large shipments of cast metal from Belgian producers. The output of window glass, which the country exports extensively, at the close of 1919 was approximately one-half of that prior to the war. Doubtless this production would have been greater, had not wages been 150 per cent above pre-war rates. Similar conditions prevail in the plate glass industry, wage increases in that field being about 125 per cent above the 1913 level.

The war has not revolutionized Belgian foreign trade. The continued success of the country's exchanges with other nations rests upon an intelligent utilization of an industrious population in the field where Belgian industry has proven its worth; that is, in the iron and steel industries, in the manufacture of railway equipment, in the coarser textiles, glass, electrical apparatus and firearms, as well as in those

specialized processes by which pre-war Belgium sent wool, hides, flax, linen, cotton, zinc, rubber and dyes into the stream of the world's commerce as semi-finished products.

Germany is no longer a fertile source for supplies of raw materials and has ceased to rank among Belgium's best customers. Belgium is now turning to the United States, England and South America for many products, and can profitably extend her markets in the Orient, especially in China, and throughout Latin America to absorb those products which Germany can no longer afford to purchase. Without question, however, the economic ties which bound Belgium and Germany will eventually renew an active interchange of products. Purse strings are woven with strands of economic advantage, not sentiment.

In some respects Belgian foreign trade of the future may surpass that of pre-war days. The country is a natural gateway for the sea-borne commerce of many European states. Germany, which formerly handled and controlled this transit commerce, will doubtless have an appreciably smaller share in this for years to come. Much of this trade can be made to pass through Antwerp. Already a port of no mean importance, it has the pivotal position which may make it the port of entrance or departure for much of the foreign trade of Germany, Austria, Hungary, Switzerland and Russia. To reach this pivotal position in the international trade of the Belgian hinterland, effort must be definitely concentrated upon the improvement of port facilities at Antwerp.

A national interest must be aroused to make Antwerp one of the great ports of the world with adequate wharfage, storage and equipment to handle and store the largest shipments. Concentration in this line would mean the

relinquishment of ambitions on the part of other Belgian ports, such as Bruges, Ghent or Brussels, to become extensive marts for ocean-going commerce. Traffic at the port of Antwerp was rapidly reestablished in 1919. During May, 1920, the entries and departures at this port corresponded to the average monthly tonnage of 1912, although in the latter year the transit traffic from Germany was an important part of the whole, while in 1920 it was almost nil.

One other trade development is largely in the hands of the Belgians—that with the Congo. The mother country has just begun to realize the increasing importance of this colony. With an extent of almost a million square miles and a great undeveloped richness in tropical products, the Congo

affords remarkable trade opportunities. Here one finds an extensive market for foodstuffs, coarser textiles, clothing and machinery in return for which he may import large quantities of rubber, ivory, palm-nuts, palm-oil and copal—raw materials which abound in the Congo and are increasingly demanded by Belgian industries as well as by all other important industrial nations of the world. This opportunity is not passing unnoticed. The recent establishment of new shipping lines from Antwerp to the Congo, the improvement in communication facilities between the two countries and within the Congo itself, together with recent large investments in colonial ventures, prove that Belgium has a vision of the commercial value of its African possession.

Commercial Policy in Spain After the War

By CHESTER LLOYD JONES, PH.D.

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THOUGH Spain, like other neutrals, could not escape some of the irksome limitations which the European war created for the non-belligerent nations, it enjoyed during the conflict a period of unexampled prosperity. A series of good crops and legislation to limit the shipment of foodstuffs abroad helped to keep down the rising cost of living, and the high prices created by the war caused an exceptional price level for the national goods which were exported and stimulated the national industries. The geographical location of the country gave it a long land frontier on the borders of one of the chief belligerents insuring easy access for its products to the area of military operations. Freed from competition with foreign manufacturers by the necessities of the belligerents, the home industries enjoyed a greater patronage

in the home market than had formerly been their lot.

How favorable the general commercial position was can be illustrated by the conditions in almost any of the greater economic interest groups in the country. The unfavorable balance of trade amounting to 248,000,000 pesetas in 1913 was changed to favorable balance of 574,000,000 in the banner year 1917 and was still 417,000,000 in 1919. Exports rose from a value of 868,000,000 pesetas in 1914 to 1,316,000,000 in 1919. The proportion of manufactured articles in the exports rose sharply from 24 per cent in 1913 to over 40 per cent in the war period. It was 36 per cent even in 1919.¹

¹The increase of values was in reality much greater than this comparison indicates. The Spanish customs returns are made up on official valuations which have not been changed since 1913.